

Assynt Sale fuels tax-break row

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Estate denies sale is a result of land reform and stresses loyalty to the area.

The sale of a [40,000 acre Highland estate](#) by one of Britain's wealthiest families has led to calls for tax breaks worth millions of pounds to Scottish landowners to be abolished.

The sale of part of their Sutherland estate by the [Vestey family](#) has highlighted the little known [heritage tax exemptions](#) that give landowners huge tax breaks in return for allowing public access to their land.

Under an [agreement with the Inland Revenue](#), the 40,000 acres in Assynt that the Vestrys are putting on the market are exempt from inheritance tax in exchange for allowing public access and maintaining the natural environment. Of the 100,000 acres of land owned by the family, 66,000 are covered by such exemptions.

The Vestey land is one of [68 properties](#) across Scotland that benefit from the scheme. However, public access to all land in Scotland will be guaranteed under the [Land Reform Scotland Act](#) that becomes law this year, and statutory rights of access will negate many of the qualifications for heritage tax exemption.

A coalition of land reformers and walking organisations now want the exemptions abolished and there are doubts over the eligibility of the remaining Vestey estate for the tax break.

"We see no justification for tax relief to be given to landowners just for providing access,"

Said Dave Morris of [Ramblers Scotland](#), the walkers' pressure group.

He added: *"We have always thought that the access arrangements are nonsense. Apart from the recent arrangements, we can only find out about them if the owners volunteer the information."*

While some landowners positively promote access to their land, others limit walking during the stalking season. Agreements made with landowners after the [Finance Act of 1998](#) tightened the [rules for exemption](#) and [improved information on public access](#). Agreements reached before then are only declared if the landlord volunteers the information.

Questions over whether the 40,000 acres being offered for sale in Sutherland, which include the mountains of Suliven and Canisp, should still qualify for capital tax exemption could be the reason that the Vestey family has decided to sell land in the heart of their Highland estate.

Under the terms of the exemption drawn up with the Inland Revenue, the proprietor of the land had to “*take reasonable steps for the maintenance and the preservation of its character.*” Yet part of the area for sale lies within the former Inverpolly National Nature Reserve that lost its designation last year because the land management policy did not “*give primacy to nature.*”

The land for sale is also one of several [priority areas](#) in which the Deer Commission Scotland plan to drastically reduce herd numbers. A series of fraught negotiations between the estate and the Deer Commission have resulted in little voluntary progress being made in reducing deer numbers on parts of the land.

Facing tough negotiations on draconian deer management from the government body, with the estate’s continuing eligibility for its tax break status hovering in the background, may have combined to bring about the decision to sell.

The Vestey estate maintains that it has good relations with [Scottish Natural Heritage](#) (SNH) and the [Deer Commission Scotland](#) and that consideration of a tax exemption was not a factor in the sale decision.

“The exemption is reviewed annually and there’s never been a question of it being withdrawn,” said a spokesman for the selling agents and the family. *“This is a strategic review, the family is looking ten to fifteen years ahead and it takes a huge investment to meet all the responsibilities. It’s not a case of we’ve had enough and we’re off. They will still own 60,000 acres in the area.”*

Neither SNH, who are Inland Revenue’s heritage advisers in Scotland, nor the Treasury would comment on a specific case.

Capital tax exemptions allow landowners to avoid inheritance tax when land is passed on to the next generation or transferred to a family trust, but the Vestey case is now adding to calls for the Treasury to review their status. Brian Wilson MP, who set in place the Scottish Land Fund for community buy-outs, said Labour’s land reform programme was coming to bear on the Vestey Estate.

“The mechanism and funding to enable a community bid is in place and the Treasury should now look urgently at closing the tax loophole left by the Land Reform Act’s access clauses,” said Wilson.

The tax status of the land for sale is unlikely to deter a community bid to buy the Vestey land. Residents of Assynt agreed last week to take the first step towards a community buy-out of the 40,000 acres, which have been owned by the Vestey family for more than half a century. Bill Ritchie, one of the movers behind the community bid, said worries about the tax status of the land were for the seller not the buyer.

If the community's notification of interest is accepted by the Scottish Executive, the landowner will have to offer the property first to the community group at a price which is set by the District Valuer. If the community bid does not go ahead, the estate will go on the market and could raise between £3 - £3.5 million.

When the Vestey family do sell they will face a tax bill of up to £1.4 million – 40 percent of the sale value – but thanks to the capital tax exemption they will not pay the tax foregone when the land was transferred to a family trust. A spokesman for the estate confirmed that all tax liabilities would be met.

What we get for those Tax Breaks

Landowners offer the public a range of supposed benefits in return for tax exemptions.

- An exemption over 2,500 acres of **Altyre Estate near Forres** permits informal access in defined areas and makes access *“available for groups organised by recognised wildlife organisations for up to 25 days per year”*.
- At **Lochdochart Estate near Crianlarich** *“the general public may take access through the designated lands for the purpose of hill walking on the higher ground”*.
- **Stair Estate near Stranraer** permit *“reasonable public access”* in return for an exemption on capital taxes.
- Charles Fforde's 16,500 acre **Arran Estate on the island of Arran** must *“take steps to secure reasonable access to the public and to publicise that access”*, despite the public having enjoyed access for decades to hills including Ben Tarsuinn and Cir Mhor.
- If you want take a walk on the Duchess of Sutherland's 20,000 acre **Tongue Estate in NW Sutherland**, a tax exemption provides *“free public access”*.
- Munro baggers can climb Braeraich on **Rothiemurchus Estate in the Cairngorms** *“throughout the year by rights of way and permissive paths”* but if you want to climb Ben Chonzie on **Invergeldie Estate near Comrie** by way of anything other than *“public rights of way and estate tracks”* between August 12 and September 30, *“access may not be granted”*.

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Further Information

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Inland Revenue's UK Tax-exempt Heritage Assets website provides details on assets (land, buildings and works of art) which are exempt from capital taxes, and describes how the public can view them. www.inlandrevenue.gov.uk/heritage